

Effective Factors on Project Management Performance in Small and Medium Enterprises

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Abstract

The purpose of this paper is to focus on project management performance through absorptive capacity and dynamic capabilities. Project management (PM) considers as an attempt of a particular team of professional members working together to combine proper techniques through appropriate managerial procedures to accomplish a project with perseverance on delivering at the right time. Since firm capabilities including absorptive capacity and dynamic capabilities are believed to be a behavioral orientation toward integration and recreation of the resources which could be associates with the performance of projects in companies, according to such great significances, it is worth to investigate how to manage them and support their impact on the businesses. This study presents a conceptual framework for the importance of effective factors to enhance project management performance.

Key words: Absorptive Capacity, Dynamic Capabilities, Project Management

1. Introduction

This study investigates the the impact of absorptive capacity (AC) and dynamic capabilities (DCs) on project management performance (PMP) in Small and Medium Enterprises (SMEs). For many decades, SMEs have been created to provide wide range of population needs. Small and Medium Enterprises (SMEs) playing a crucial role in various social dimension such as meeting people needs, growth of the economy, reforming the structure of businesses, and finally, source of employment. The majority of the industrial works performing in the form of projects, then, project management (PM) is one of the important facets of the enterprises, thus, improving this aspect of the firm process could compensate the lack of limitation of required resources. This agenda requires a precise focus on how to increase the performance by the improvement of the management system and developing the strategies despite of lack of the sufficient human resources.

To satisfy the current increasingly demands of the today's population, many businesses have been emerged recently. Many enterprises have also been created to provide wide range of the current population needs including traditional basics needs to the electronic devices, constructive, consulting, and financial needs or in other words basic and higher order demands of the populations. Small and Medium Enterprises (SMEs) have played a crucial role not only in providing such needs but also in the growth of the economy, reforming the structure of businesses, and source of employment (Khalili and Asmawi, 2012). Most significantly, SME becomes the most important type of the enterprises. For instance, it had been reported that more than the 90 percent of the China's enterprises fall under the category of SME which showing the widespread prevalence of this type of business and its usefulness (Li Xue, 2011). Therefore, small and medium enterprises (SMEs) play a vital role in the growth and development of human, social and economic capital" (Khalili and Asmawi, 2012).

2. Literature Review

2.1 Small and Medium Enterprises (SMEs)

Some influential business entities have been talking about which in first sight, their classification depends on the number of influential criterion such as the number of employees, turnover, volume of the invested capital, amount of the profit and the extent of the assets. These entities are called Small Medium Sized enterprises (SMEs). Nowadays, SMEs are the most increasing and effective sector of the countries and the world's economy development, which reforms the structure of businesses, creates the new jobs and employment, and contribute to innovation (Ahangar et al., 2012; Khalili and Asmawi, 2012; Li Xue, 2011).

SMEs are the major part of the industrial driver (Eikebrokk and Olsen, 2007) since they play a vital role to promote economic development. Acs and Preston (1997) have noted that the small medium size firms are the engines of global economic growth. Economists believe that the wealth of nations and the growth of their economy strongly depend upon their SMEs' performance (Schroder, 2006). SMEs are the unsung heroes that bring stability to the national economy. They help buffer the shocks, which come with the boom and bust of economic cycles. SMEs also serve as the key engine behind equalizing income disparity among workers (Choi,

2003). To survive in the global economy SMEs have to improve their products and processes by exploiting their intellectual capital in a dynamic network of knowledge-intensive relations inside and outside their borders (Corso et al., 2007). SMEs are generally considered as independent, multi-tasked, cash-limited, owner-based and actively managed by the owners.

SMEs are different from their larger counterparts in their organizational structure, reaction toward the environment and surroundings, management processes, and their competition styles (Ahangar et al., 2012; Zonooz et al., 2011). More precisely, SMEs have “high degree of adaptability to the market demands, the high capacity of innovation determined by competition and competitors, the simplified organizational structure that leads to a low cost and accurate circulation of information and decisions, the existence of a direct system of information, a better management of the human resources, creation of new jobs, and not lastly a balanced territorial arrangement” (Adelina, 2008, p. 241).

However, besides of some advantages or benefits, it is noteworthy to mention that SMEs have many problems, which need to be solved in order to show better function and keep their productivity in high level. For instance, it has been mentioned that SMEs are vulnerable to damage and loss since they have small financial sources, inadequate commercial tools, insufficient technological facilities to compete with large enterprises, and low ability to fully protect their employees (Adelina, 2008). Having said those deficiencies, the issues of managing the low resources available to the SMEs firms including the human resources management and the commercial means and other firm-related factors, their management becomes increasingly important (Adelina, 2008; Kamyabi and Devi, 2012). In other words, other activities, abilities, and factors impacting on the SMEs need to be investigated to both increase its productivity in one hand, and overcome its deficiencies on the other hand (Zonooz et al., 2011).

Some of the factors are implementing the best management practices of the projects in SMEs, precise analysis of the costs and resources, absorbing recent and better technologies and approaches, etc. (Adelina, 2008). Specifically, Ahuja (2007) highlighted that the issue of the management and communication should be clearly addressed particularly in the SMEs field in each distinct area and country. Recently, the importance of absorptive capacity is highlighted to develop the sustainable competitive advantage of the firms and to transfer the knowledge into Small and Medium Enterprises since they do not have as sufficient fund and money as large enterprises to invest in R & D (Zonooz et al., 2011).

2.2 Absorptive Capacity (AC)

Absorptive capacity (AC) furnishes an association with the capacity to simultaneously explore and absorb new forms of information from outer sources, create and absorb new types of learning from inner sources, and exploit its current supplies of information (Cohen & Levinthal, 1990). In fact, AC has been considered as the series of processes for acquisition, assimilation, transformation and exploitation of the knowledge to create the capabilities of the firm. More precisely, Zahra and George (2002, p.188) stated:

“Our definition suggests that the four organizational capabilities of knowledge acquisition, assimilation, transformation, and exploitation build on each other to yield (Absorptive Capacity)-a dynamic capability that influences the firm’s ability to create and deploy the necessary knowledge to build other organizational capabilities (e.g. marketing, distribution, and production)”.

Absorptive Capacity has been defined as the recognition of new information, valuing, assimilating, and applying them in the firm and business. They could influence the growth and innovative capability of the firm or organization a lot (Biedenbach, 2011; Cohen and Levinthal, 1990). Indeed, the new information or knowledge is a turning point for the firm to make them able to compete with other organizations and enterprises (Lubit, 2001).

(Arnulf et al., 2005) investigated the role of dynamics of trust, absorptive capacity, knowledge creation, and decision making on project managers. In this regard, it was found that the higher dynamics including better absorptive capacity and higher trust would lead to better performance through proper management. (Minbaeva et al., 2003) studied the relationship between Human Resources Management, absorptive capacity, and knowledge transfer of MSN company. They concluded that the absorptive capacity is required for human resource management. In addition, absorptive capacity which comprises of the individual’s ability and motivation leads to the knowledge transfer.

Reviewing the literature, (Wang and Ahmed, 2007) reviewed the notion of the dynamic capabilities. The results revealed that dynamic capabilities are complementary factors for the resource-based view and considers the adaptive capability, absorptive capability, and innovative capability of the firm. The DCs influence the strategies that project managers adopt and the performance of the firm as well. Zahra and George (2002) present a better framework for absorptive capacity. It was found that the two factors are remarkably important in determining the AC (Zahra and George, 2002). First, the association of the new information and knowledge to the existing information of the project or organization provides a basis for absorptive capacity. Moreover, previous analogous

experiences increase the capabilities of the organization for acquiring new and external knowledge.(Cohen and Levinthal, 1990) focused on the capability of the organization for new external information's recognition, assimilation, and application in the firm is crucial for the innovative management and capability of the firm. Accordingly, they found out that absorptive capacity influences the organizations' performance, innovative activity, decision making, and investment in research and development (R & D) of the project.

Cohen and Levinthal(1989, p.569) conceptualize the AC in the form of research and development (R&D). In this regard, they believed that it has two components as innovation and learning. In addition, they stated, "R&D not only generates new information but also enhances the firm's ability to assimilate and exploit existing information". In other words, the AC is defined by the intensity of R & D which mostly refers to the industry level investment of the projects in R&D(Cohen and Levinthal, 1989). It appears that there is a bit difficult to catch the amount of proper knowledge which is created by the project in an empirical research. However, if an approach or study is even successful in examining, it still has been looked from one dimension and the multidimensionality of AC (Zahra and George, 2002).

The current study proposes that, one of the most influential firm capabilities which is absorptive capabilities, yields to PM. Although most of the previous studies emphasized on the effect of absorptive capacity on the innovation capability(Zonooz et al., 2011). Several conceptualizations, however, have been developed to elaborate the absorptive capacity which many of them have chosen as one-dimensional orientation toward absorptive capacity (Zonooz et al., 2011). (Murray and Chao, 2005) Worked on multinational companies, the influential factors on new product development. They found out that the Absorptive Capacity and knowledge integration influence the PM and subsequently the new product development which the lead to the better performance of the organization. Thus, a multidimensional approach should be the basis of investigating theoretical and empirical studies of the absorptive capacity (Minbaeva et al., 2003; Zahra and George, 2002; Zonooz et al., 2011).

Despite the importance of absorptive capacity, the firm or organization has abilities as how to influence in the process of PM. In fact, it has been mentioned that the absorptive capacity influences the ultimate performance of the organization as it is the central matter for knowledge creation and use for the project (Biedenbach, 2011; Cohen and Levinthal, 1990; Zahra and George, 2002; Zonooz et al., 2011).

(O'Connor, 2008) studied inspiring from systems theory, dynamic capabilities, and innovation management build the Management innovation dynamic capability of the organization. Accordingly, it was found out that capabilities of the projects are essential for decision making of the management team. There are some elements impacting the PM which those elements are presented in some processes. Like resources, dynamic capabilities are influential on management. Zonooz et al.(2011, p.73)assesses three components of AC "(a) the firm's relationship to its external environment(porosity of firm boundaries), (b) a collective dimension (its structures, routines, and knowledge base), and (c) an individual dimension (individuals' absorptive abilities)". Assimilation and absorption of knowledge from another source require close ties with the surrounding environment and other networks (Zonooz et al., 2011). It has to be noted, however, that the absorption and assimilation of the external knowledge have been done through many different sources in a continuous process.

In addition to collective dimension, there is an individual component for absorptive capacity which refers to the function of AC in each member of the organization or the project(Zonooz et al., 2011). The individual aspect encompasses the communication of the members, their perceptions of the work and technical issues, and their practices in the firm level which it is mostly influenced by their prior learning and experiences(Cohen and Levinthal, 1990). Hence, the prior experiences and learning of the members and analogous knowledge can specify the capability of the members of the firm in assimilation and exploitation of the analogous knowledge in the firm and project. Thus, Knowledge of the company's members and its records including the documents and experiences are important to be caught in assessing the absorptive capacity(Matusik and Hill, 1998; Zonooz et al., 2011).

In one hand, Absorptive capacity is crucially important in the innovation of the organizations (Cohen and Levinthal, 1990; Hassanlou, 2010). Doghfous(2004) classifies the influential factors on AC as two important ones: internal and external (Hassanlou, 2010). Organizational structure, previous information and knowledge, size, the organizations' strategies and responsibilities are considered as the internal factors. On the other hand, the projects' position in the network of knowledge are called external factor impacting on absorptive capacity of the projects(Hassanlou, 2010). Indeed, if the organization has a high level of absorptive capacity, there would be much better performance in the development of new product in the firm, new method of handling the issues like PM, resources management.

Absorptive Capacity in SMEs, Apart from being quite different from large enterprises, SMEs projects do not have sources as much as large enterprise, projects to produce and create new

knowledge(Adelina,2008).Therefore, the exploitation of external and new knowledge into the management of the project, its innovative capacity, and application to the business purposes remain unexplored in small and medium enterprises. In addition, the absorptive capacity can be applied to examine what extent usage could help an especial enterprise to improve itself and help its growth. In this way, researcher could examine the proposition of Grant (2010) who stated that some SME's are more successful than others, since they can compete with other SME's more effectively by high absorptive capacity to apply strategies helping them to improve to large enterprises.

2.3 Dynamic Capabilities

A project cannot be successful or compete efficiently only by relying on its resources, it requires special capabilities in helping them to keep their coherence, spend their business activities, and helping them to sustain their competitiveness (Eisenhardt and Martin, 2000; Penrose, 1959; Teece and Pisano, 1994). (Katkalo et al., 2010) studied the nature and scope of the dynamic capabilities (DCs). The findings showed that DCs are crucially important in the decision-making processes of the project managers and are adjusted and manipulated by the management of the organizations as well.

Dynamic Capabilities concept is designed to explain the achievement and sustainability of the organization in competition and consequently helping the organization to shape its PM (Teece et al., 1997). Integrating and unifying the organizational capital, physical assets, financial strength, and human resource require the firm's capabilities in processing the complex governing the project in its activities (Nelson and Winter, 1982). (Verona and Ravasi, 2003) investigated to better understanding of the antecedents of dynamic capabilities and processes leading to dynamic capabilities. In this regard, it was found out that Knowledge creation, absorption, integration, and reconfiguration make the dynamic capabilities of the organization which all of these components come from the resources of the company.

(Teece et al., 1997) examined how the competitive advantages of the firm and strategic PM are influenced by the market demand, ease of replicability, dynamic capability and resources. Consequently, it was found that the dynamic capabilities of the project is crucially important in the strategies that management team put forward for the competitive advantage of the organization.(Teece and Pisano, 1994) Presented a framework for more efficient competitive advantage and elaborating the nature of dynamic capabilities. In this respective, the results revealed that dynamic capabilities are crucial characteristics of the organization and play a key role in strategic PM. Organizing the resources, increasing the performance of the organization, and influencing the management are the traits of DCs. In fact, Dynamic Capabilities (DCs) come along with the project resources and capabilities in order to increase the performance of the project and the usage of the resources (Eisenhardt and Martin, 2000; Teece, 2007; Zahra and George, 2002).

(Ethiraj et al., 2005) Studied the importance of the dynamic capabilities and their outcomes. The results showed that Client-level capabilities decrease the project's cost and improve the project contribution, the project-level capabilities refers to the PM capabilities which influence the performance of the project, and improve the investment on the infrastructure. Dynamic capabilities, as one of the organization's assets and resources refers to ability of the firms to react efficiently toward dynamic environment and to cause the growth of the enterprises by integration of all internal and external capabilities and using them to compete with other organizations (Killen et al., 2012; Teece et al., 1997). However, DCs are not Research based Theory (RBT) "rather, they consist of many well-known processes such as alliancing, product development, and strategic decision-making which have been studied extensively in their own right, apart from RBV" (Eisenhardt and Martin, 2000), p. 355). They continued that, in contrast to RBV which keeps the firm heterogeneous, the dynamic capabilities combine all resources and take them together to increase the competitive advantages of the organizations.

(Eisenhardt and Martin, 2000) stated that strategic decision-making of the organization is a kind of dynamic capability influencing management to put forward strategies toward progress of the project. They also added that resources are integrated and rearrange by Dynamic capabilities which resulting in more efficient management and better performance of the firm. In fact, Adapting with the fast-changing environment by specific strategic reactions and proper timing, increasing innovation abilities, and getting ready for future competitions are about the dynamic part of DC concept(Teece and Pisano, 1994; Teece et al., 1997). Besides, the capabilities term of the DC is about the strategic management of the project which tries to adapt, combine, and rearrangement of the internal and external effective factors and abilities of the firms including skills and resource (Teece and Pisano, 1994; Teece et al., 1997). As can be seen, the capabilities of the organization is about the PM and thus it is logical to presume that the dynamic capabilities of the organizations could influence the PMP most notably the strategies undertaken by the management team.

On the other hand, the processes of the firm (such as combining, reconfiguring, and releasing organizations' resources) to use and apply the resources toward the objective and performance of the project/organization

consider as the kind of dynamic capabilities which make strategic routines to make new resources (Eisenhardt and Martin, 2000). However, none of these approaches make a complete distinction between capabilities and other concepts of the projects like processes and do not present a comprehensive understanding of the dynamic capabilities either (Wang and Ahmed, 2007).

Wang and Ahmed (2007, p.35) define dynamic capabilities as “a firm’s behavioral orientation constantly to integrate, reconfigure, renew and recreate its resources and capabilities and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage”. In this regard, dynamic capabilities are incarnated in some processes which are integration of some resources within the organization (Wang and Ahmed, 2007). Thus, the dynamic capabilities are stable form of the organization collective activities which are used by the firm or organization regularly toward continuing the organization’s performance and its improvement. Interestingly, Wang and Ahmed (2007, p.35) categorize the components and extensions of the DCs into three dimensions including “adaptive capacity, absorptive capacity, and innovative capability”. Unlike other researchers, they consider the absorptive capacity as one of the dimensions of the dynamic capabilities. For instance, AC considers being different from the Dynamic capability dimensions (Zonooz et al., 2011), but being influenced by it. Many also believed that the absorptive capacity of the project has remarkable impact on the innovative capability (as one dimension of the dynamic capability as proposed by Wang and Ahmed) of the organization (Cohen and Levinthal, 1990; Hassanlou, 2010; Zonooz et al., 2011).

2.4 Project Management

United Nations (UN) divided the countries into two categories as developing and developed countries (UN, 2010). Japan, Hong Kong, and Taiwan in Asia, Australia and New Zealand in Oceania, Canada and US in Northern America, and Western Europe are called as developed countries and other countries are considered as developing or less developed countries such as Iran and India (UN, 2010). (Söderlund, 2010) developed a model in which the quality of knowledge integration influences the PM and in turn PM influences the project success. The finding expressed that knowledge integration as an important determinant of the absorptive capacity has impact on the PM.

Developing countries are different from developed countries in many areas. In this regard, technological achievement and changes are considered as the main differences of these countries which consequently influence their economic growth and trade performance (Bell and Pavitt, 1997). However, their differences are not restricted to technological differences like their industrialization, the annual income of individuals and population growth (Ali, 2010). More importantly, the limitations of the developing countries are in twofold: (1) the internal limitation toward growth which mainly is about the low or lack of managerial capability, (2) and external barrier which is the discrimination of the government preventing the expansion and growth of the Small enterprises (Schmitz, 1982).

On the other hand, Youker, (1992) elaborates that success or failure of many projects in developing countries are mainly associated with factors which are out of the PM’s control and are due to the developing countries environment such as lack of sufficient fund by the government, lack of qualified human resources, lack of enough technological tools, inability to change the environment, inappropriate financial management, and lack of supplies because of economic status (Youker, 1992).

However all developed and developing countries applying their projects as the engines of economic growth which contribute to raising the development indexes, due to cultural, technological, financial power, and social differences, developing countries have been faced with some difficulties to run their projects to yield better performance while keeping their independence. Obviously, it is clear that to run the projects in optimized level, developing countries need to look at the project performance which has been defined as the function of leadership or management body of project, then there should be a close look at the project performance while considering the effective factors on PM to see which factors finally lead to better performance of the project.

3. The Conceptual Framework

Although the relation of absorptive capacity with knowledge transfer and different aspects of PM especially human resources management is so rudimentary (Minbaeva et al., 2003), formerly, the effect of absorptive capacity on Research and Development (R & D) investment has been thoroughly investigated (Cohen and Levinthal, 1990). Zonoon et al. (2011) found that two aspects of the absorptive capacity including existing knowledge and prior analogous experiences predict the knowledge transfer significantly. On the other hand, research has shown that lack of the absorptive capacity is absolutely an obstacle for the knowledge transfer within the project or organization (Minbaeva et al., 2003).

(Killen et al., 2012) reviewed application of three different theories in the PM Project Portfolio Management research, specifically the Resource-Based View, Dynamic Capabilities, and Absorptive Capacity. In this regard,

they stated that strategic PM is outcome of the three theoretical foundations namely RBV, AC, and DC. In addition, they argued that the strategies put forward by the PM are the result of their available resources, knowledge and learning, and the environments as well. The absorptive capacity has been proposed to be effective on the PM, strategic management, market internationalization, and technological management of the organization (Zahra and George, 2002). However, since the absorptive capacity is a collection of the organization's members' effort to explore and assimilate the external knowledge (Cohen and Levinthal, 1990).

Zahra and George (2012) categorized AC into two types as potential and realized aspects of absorptive capacity. Hence, the acquisition and assimilation processes of AC are as the potential aspect whereas the transformation and exploitation processes are as the realized aspect of the AC. According to Zahra and George (2012), the potential Absorptive Capacity dimension has no role in the performance of the organization and cannot increase the productivity of the firm, while, the realized aspect of the AC can influence the performance. Previous empirical research also has shown that empirical realized aspect of absorptive capacity has impact on development of the new product if there is an appropriate managing process which governs on the firm (Murray and Chao, 2005).

The success of the many companies in America, Germany, and Britain are mostly due to their dynamic capabilities, for instance, the German companies in which their capabilities enhance their inter-organizational collaboration, leading to better position internationally. The management of the organization capability should include the identification and investment of strikingly important capabilities of the organization, setting up a system to acquire and promote the firms capability, and protecting the current capability of the organization (Ojode, 2000).

Ojode (2000, p.29) stated that "management needs to have a shared awareness of what constitutes distinctive capacities of their organization. The clarity in a firm's distinctive capabilities' definition and the consensus of its managers about these capabilities, signify the propensity to manage these distinctive capabilities". Indeed, the capabilities of the projects are essential for decision making of the project management team (Argyres, 1996; O'Connor, 2008). Ojode (2000) stated that dynamic capabilities develop out of carefully planned combination of the projects resources.

Teece et al ,(1997) elaborated that the concept of DC is developed to examine the competitive advantages of the organization which is a core concept of the PM. Teece and colleagues (1997) continued that DCs assist the management process of the organization to obtain the competitive advantage and increase the firm's performance. Indeed, "Over the time, scholars recognized that a stock of assets is not enough to maintain leadership or competitive advantage during rapid or unpredictable change" (O'Connor, 2008), p. 316).The dynamic capability is the pathway to management of these resources for better performance and competition (O'Connor, 2008; Teece et al., 1997). The organizations structure, culture, capabilities, and current conditions (amount of uncertainty, for instance) are elements for the management system to propel the firm toward its objective (O'Connor, 2008).

Besides, capabilities concept of DC refers to the strategic management of the project which tries to adapt, combine, and rearrangement of the internal and external effective factors and abilities of the firms including skills and resources in dynamic environment (Teece and Pisano, 1994; Teece et al., 1997). Furthermore, Eisenhardt and Martin (2000) elaborated that the strategic decision-making of the organization is a kind of dynamic capability. The management team members pose their own personal, business, and firm-related ideas during meeting sessions, and making choice out of the meeting is a strategic for moving to forward and progress of the project. However, there are other dynamic capabilities which are emphasizing on the reconfiguration of the sources and routinize them for the PM team to move forward by allocating proper strategies to projects (Eisenhardt and Martin, 2000).

In general, DCs are embodied in the managerial processes of the organizations and are crucially important in the decision-making of the organizations' leaders(Katkalo et al., 2010). The dynamic capabilities are not something to buy or trade, but need to be built (Katkalo et al., 2010; Teece, 2007). In fact, it is the way, which interacts between the project's activities and resources with the market environment. In a such case, customers'/organizational needs should be adjusted and manipulated by suitable managerial skills (Katkalo et al., 2010).In addition, the dynamic capabilities of the organization go beyond the usual plan or the project members' usual capability. Moreover, they evolve around the most important operational decision of the organization as well as form the long-run strategies of the firm (Zollo and Winter, 2002). In fact, the dynamic capabilities affect the decision making of the project managers. Consequently, they transform the static capabilities of the organization's members into dynamic human activities and firm's performance (Katkalo et al., 2010; Zollo and Winter, 2002).

In order to lead to the competitive advantage, the resources, most notably the human resources, needs to be

accompanied by the capabilities of the organization, otherwise the sustainable advantage is less likely to be obtained (Coff, 1997). Capabilities of the organization consist of many different aspects of the project by considering the financial management and other managerial procedures. Therefore, all of these capabilities lead to the performance of the project or organization (Ethiraj et al., 2005). In other words, the PM could be considered as one of the project's capability (Ethiraj et al., 2005). The PMP specifically plays an important role in the success of the project (Qureshi et al., 2009). This study proposes that the firm's resources (financial, human, and social), and firm capabilities including absorptive capacity and dynamic capabilities are significantly anticipated different aspects of PMP. Therefore, the conceptual model of this study proposes as the following:



4. Discussion

Killen et al. (2012) emphasize on the influence of absorptive capacity on PM which such proposition has scarcely been mentioned in the literature. In fact, the effect of absorptive capacity on PM has not been investigated in SMEs context. Some handful studies which have been done recently on the relation of AC to PM, proposing that a such relation is new and has been remained unexplored. For instance, it has been shown that the AC has effect on the knowledge transfer of the project (Bakker et al., 2011) and has tremendous effect on the innovative research and development (Biedenbach, 2011). Seems that absorptive capacity became a new perspective in innovative PM and more complicated research is needed to show how AC is related to dynamic capabilities and PM, more importantly, in small and medium sized enterprises (SMEs).

According to Arnulf et al. (2005), the higher dynamics including better absorptive capacity and higher trust would lead to better performance through proper management of the project. Similarly, Arnulf et al. (2005) reported that the appropriate management process uses absorptive capacity and intra-organizational trust to create knowledge and increase the effectiveness of the projects' performance. On the other hand, also has been found that some of the factors such as knowledge integration, absorptive capacity, and time conditions influence the PM of the project (Söderlund, 2010).

The dynamic capabilities of the organizations have become the core feature of the PM (Hodgkinson and Healey, 2011). Managing the capabilities of the organization is crucially important for directing the utility of the resources toward the objectives of the project/firm (Collies and Montgomery, 1995). As illustrating by some of the famous companies (Chandler, 1990), they have pointed out that the capabilities of an organization determine the success of its project, provide the anticipated profits for the respective market or director, and keep the project or market in a good position to compete with others (Chandler, 1990).

The dynamic capabilities supply the instructions and directions for the managers to increase the profit and prevent the decline or zero level profit for the organization. Moreover, they help the management team to work on the competitive capability of the market (Teece, 2007). Thus, seems that the dynamic capabilities are vital for PM (Teece, 2007; Teece et al., 1997). In this vein, the management process of the organization should be built upon the current capabilities of the firm and their dynamic form (Pisano, 2000).

5. Conclusion

In this review paper, the literature including several preliminary studies has been considered which meaningfully focused on the PMP across the SMEs. This literature has included several supporting significances of SMEs and their PM benefits. According to some scholarly arguments which perceiving from literature, to connect their resources to management performance especially in their projects, it seems that SMEs require to consider some mediating factors namely firm capabilities including absorptive capacity, and dynamic capabilities. By completing this review, researcher has attempted to highlight the gap of previous studies and develop hypotheses and figure out conceptual framework which is accompanied by the integrated model to cover this gap. The introduced model is constituted on the base of conditions from SEM as giving path analysis.

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